

U S WEST, Inc.
Suite 700
1020 Nineteenth Street, NW
Washington, DC 20036
202 429-3123
FAX 202 296-5157

EX PARTE OR LATE FILED

DOCKET FILE COPY ORIGINAL

USWEST

Robert H. Jackson
Executive Director-
Federal Regulatory

July 14, 1997

RECEIVED

JUL 14 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ex Parte

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

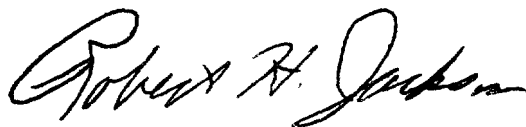
Re: Telephone Number Portability, CC Docket No. 95-116

Dear Mr. Caton:

Today, Bill Johnston, Virginia Hansen and the undersigned representing U S WEST met with Richard Metzger, Patrick Donovan and Steven Teplitz of the Common Carrier Bureau in conjunction with the Commission's Further Notice of Proposed Rulemaking in the above-numbered docket. We discussed U S WEST's position on cost recovery for number portability. The attached document was used in the discussion. Please include a copy of this letter and the attachment in the record in this proceeding.

In accordance with 47 C.F.R. § 1.1206(a)(1) of Commission's rules, the original of this letter and one copy are being filed with your office. Acknowledgment and date of receipt are requested. A duplicate of this letter is included for this purpose.

Sincerely,



Attachment

cc: Richard Metzger
Patrick Donovan
Steven Teplitz

No. of Copies rec'd
U.S. AIRCRAFT

021



Number Portability Cost Recovery Is Necessary for Fair and Vigorous Competition in All Markets

U S WEST
July 14, 1997



The Commission's Cost Recovery Order Is Overdue

- ILECs need number portability cost recovery now.
 - Number portability is a major cost to ILECs.
 - USWC's estimated cost of providing portability in ten MSAs is \$310 million.
 - USWC's estimated cost of providing portability in all likely locations is \$406 million.
 - USWC has already spent \$71 million and will spend an additional \$70 million in 1997.
 - Lack of cost recovery impairs USWC's ability to fund other needed projects.
 - Failure to give ILECs immediate and full cost recovery is not competitively neutral.
 - ILECs must deploy the technology in many switches. USWC must equip 50 switches in the Minneapolis MSA.
 - Most CLECs need only a single switch to cover a large market.
 - Number Portability is being deployed solely for new entrants.
 - Recovery of costs over a short period is essential for competitive neutrality.



Cost Recovery Rules Must Recognize Difference in Markets

- USWC deploys software for enhanced services only where a market need has been identified.
 - Areas where number portability causes new software to be deployed have not been identified as potential markets
 - Small population & lack of business customers desiring AIN services
 - Cost of incremental investment is too high to justify offering service
 - USWC has deployed CLASS features in all switches
- The great majority of services enabled by new generics and software merely provide monitoring capabilities.
 - SS7 SSP capability has virtually no potential for new revenues
 - All new AIN capability is for number portability only
 - All vendors have licensed AIN capability for providing number portability only
 - Any additional uses require a separate license agreement & payment.
- Revenues from the incremental deployment of SS7 and AIN software are speculative at best in many markets.



Cost Recovery Rules Must Recognize Difference in Markets (cont'd.).

- Buckley, WA (Seattle MSA) -- Selected for number portability
 - DMS 10 switch.
 - Switch serves approximately . 2900 access lines.
- Aberdeen, SD -- Expected future deployment.
 - 1990 population -- 24,927 -- small by national standards, but Aberdeen is the third largest city in South Dakota -- big by South Dakota standards.
 - When competition comes to South Dakota, it will come to Aberdeen. For example, the access service consortium of South Dakota Independent telephone companies.
 - Aberdeen switch serves approximately 19,000 access lines.



End User Surcharges Are the Best Recovery Plan

- The '96 Act & FCC have determined that deployment of number portability is an important first step in developing local competition in telecommunications.
 - Deployment benefits new entrants, not incumbents.
 - Recovery of costs over a short period is essential for competitive neutrality.
- All current customers benefit from number portability.
 - They can change service providers in the future without changing their telephone number.
 - They can call others who have changed service providers without learning new telephone numbers.
- An end user surcharge plan over a short transition plan is the best recovery plan and is competitively neutral.
 - Any surcharge over a three-to-five year period will be small. Most likely substantially less than customers pay in telephone taxes.
 - Simplest and least costly alternative.